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I N T E R S T A F F   M E M O

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**TO:** All Directors and Officers

**FROM:** Stephen E. Bablitch, Secretary and General Counsel *Stephen E. Bablitch*

**DATE:** March 9, 2001

**SUBJECT:** Window Period for Trading in UWSI Common Stock

**PLEASE READ IMMEDIATELY REGARDING FURTHER TRADES BY UNITED WISCONSIN SERVICES AND BLUE CROSS & BLUE SHIELD DIRECTORS AND OFFICERS**

**DO NOT TRADE IN UWZ STOCK UNTIL FURTHER NOTICE**

In a memo dated February 12, 2001, you were advised that due to a decision by the Office of the Commissioner of Insurance ("OCI"), all officers and directors of United Wisconsin Services ("UWS") and Blue Cross & Blue Shield United of Wisconsin ("BCBS") may not trade in United Wisconsin Services stock ("UWZ") until advised otherwise. A copy of that memo is attached for your reference. **This is to notify you that the trading ban remains in effect, and will remain in effect until further notice.** Please feel free to contact me if you have any questions. I can be reached at either (414) 226-6979 or (608) 252-9347.

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I N T E R S T A F F M E M O

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TO: All Director and Officers

FROM: Steve Bablitch, Secretary and General Counsel

*Steve Bablitch*

DATE: February 12, 2001

SUBJECT: **Window Period for Trading in UWS Common Stock**

**\*\*\* PLEASE READ IMMEDIATELY REGARDING FURTHER TRADES BY UNITED WISCONSIN SERVICES AND BLUE CROSS AND BLUE SHIELD DIRECTORS AND OFFICERS.**

**DO NOT TRADE IN UWZ STOCK UNTIL FURTHER NOTICE.**

Because of a decision by the Office of Commissioner of Insurance ("OCI"), all officers and directors of United Wisconsin Services ("UWS") and Blue Cross & Blue Shield United of Wisconsin ("BCBS") may not trade in United Wisconsin Services stock ("UWZ") until advised otherwise.

The policy of United Wisconsin Services regarding trading in UWZ for all Section 16 insiders has been to allow trades during certain window periods. Usually the open window periods begin on the third trading day following the quarterly earnings release and ends on the thirtieth trading day after the window opens. These window periods have been closed recently because most Section 16 insiders possessed non-public information relating to the merger negotiations between the two companies.

Since all of the information regarding the negotiations is now public, we intended to open the trading window on Tuesday, February 13 (the third trading day following the earnings release). However, in discussions with the staff of OCI and its investment banker, Duetsche Banc. Alex Brown, we were informed that the UWS' and BCBS' officers and directors must refrain from trading in UWZ stock as we attempt to meet the OCI's definition of "public float."

In the Commissioner's order of March 28, 2000 in which she approved the BCBS plan of conversion, she imposed certain conditions that must be met prior to the company receiving final approval to convert to a stock insurance corporation. One of those conditions is that the combination of BCBS and UWS must result in a public float of no less than \$50 million. In order to satisfy this condition, according to the OCI and its investment banker, the company must trade at \$5.50 at the close of trading on twenty of

All Director and Officers

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thirty trading days. We may choose the specific thirty-day period. Further, the OCI and its investment banker said that in order to avoid any manipulation of the stock price during this period, officers and directors of the companies may not trade in UWZ stock.

We disagree with the decision to limit officers and directors ability to trade in UWZ. We are continuing to pursue our position with OCI staff, the Commissioner and Duetsche Banc. AlexBrown. I will inform you if there is a change which would allow you to trade in UWZ. Also, I will inform you when the company meets the definition of "public float" and whether or not you may trade after the condition is satisfied. In the meantime, please feel free to call me, if you have any questions. I can be reached at either (414) 226-6979 or (608) 252-9347.

SEB/lh